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March 9, 2004

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20055 1  
Re: Docket No. R-1181

Dear Sir or Madam:


As Community Bankers, we strongly endorse the Federal Bank regulators proposal to increase the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination from \$250 million to \$500 million and elimination of the holding company size limit. This proposal will greatly reduce the regulatory burden for our bank. Our bank is Northwestern Bank of Chippewa Falls, Wisconsin with asset size of \$270 million dollars.

The small bank CRA examination process has worked well at our bank. We are just starting (as of 1/1/04) to use the large bank criteria in reporting. We have observed that many of these items do not apply to our bank, but are costly and time consuming to collect. We feel that the costs far outweigh the benefits of this program. Community activists do not seem to care about costs and the burdens that these regulations impose on small banks.


We believe that the small banks are the backbone of the community, and that these regulations reduce our effectiveness in helping out our community.


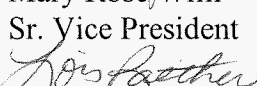
Regulatory burden must be reduced for community banks to prosper. Increasing the CRA exemption to \$500 million will be a first step toward that goal.

Sincerely yours,

  
Gerald Jacobson  
President

  
Jerry Kuehl  
Sr. Vice President

  
Dennis Wolfe  
Assistant Vice President

  
Mary Rose Willi  
Sr. Vice President  
  
Lois Raether  
Assistant Vice President

Norma Konop  
Auditor

